

M E M O R A N D U M

DATE: September 13, 2011

TO: The Board of Supervisors

FROM: John E. McDonald, Manager, Financial and Management Services

SUBJECT: County Lease Revenue Financing

County staff has been pursuing options for the financing of three capital projects included in the FY 2012 budget adopted by the Board. Davenport & Company, the County's financial advisors, received 13 proposals from five banks to finance \$6.9 million for these capital items (Fire Station 4, Mid County Park, and Building D). Four of the banks provided three proposals - financing deals of 10, 15, and 20 years. The best proposal received, in the opinion of both Davenport & Company and County staff, was a ten-year financing proposal from RBC Bank at an interest rate of 2.18 percent.

This financing is a lease-revenue financing with a moral obligation and includes a lease of the fire station property as security. The borrowing will actually be executed through the County's Economic Development Authority (EDA), as a conduit. The rates compare favorably with what might be expected in a public sale and the projected closing costs are less. The Board is being asked to adopt a resolution prepared by the County's bond counsel, Stephen Johnson of Troutman Sanders LLP, to accept the RBC Bank proposal. Closing on the bonds, if approved by the Board and by the EDA at its meeting on September 15, is expected before the end of September.

Payments of principal on the bond are proposed to begin on July 15, 2012, which is FY 2013, and continue through July 15, 2021, which is FY 2022. Current fiscal year spending is projected at \$75,000 in estimated closing costs and approximately \$60,000 in interest spending for the remainder of the fiscal year.

Staff recommends approval of the attached resolution.

John E. McDonald

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Attachment